

STATEMENT OF PURPOSE
RS16445

The purposes of the Property Tax Relief Act of 2006 are:

- Permanently eliminate the 3 mil education maintenance and operation levy on Idaho real property, which will immediately reduce property taxes \$260 million, and replacing that amount with the state sources described below.
- Raise the Sales Tax 1% from 5% to 6%, effective October 1, 2006, which will generate approximately \$210 million annually.
- Protect education funding now and into the future by placing \$100 million into the Public Education Stabilization Fund.
- Appropriate sufficient funds from the General Fund to accomplish the aforementioned.
- Place an advisory question on the November 2006 general election ballot asking Idaho voters:

"Should the State of Idaho keep the property tax relief adopted in August 2006, reducing property taxes by approximately \$260 million and protecting funding for public schools by keeping the sales tax at 6%?"

FISCAL IMPACT

Immediately reduces Idaho property taxes \$260 million. Commencing October 1, 2006, increases annualized sales tax revenues approximately \$210 million, for a net tax reduction of \$50 million.

Contact

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Phone: (208) 334-2100

STATEMENT OF PURPOSE/FISCAL NOTE

Bill No _____

~~~~~  
 Fifty-eighth Legislature

LEGISLATURE OF THE STATE OF IDAHO

~~~~~  
 First Extraordinary Session - 2006

IN THE _____

_____ BILL NO. _____

BY _____

AN ACT

RELATING TO TAXATION; PROVIDING A SHORT TITLE; AMENDING SECTION 33-701, IDAHO CODE, TO PROVIDE A GRAMMATICAL CORRECTION, TO DELETE REFERENCE TO SCHOOL MAINTENANCE AND OPERATION LEVIES AND TO MAKE TECHNICAL CORRECTIONS; AMENDING SECTION 33-802, IDAHO CODE, TO DELETE REFERENCE TO SCHOOL DISTRICT LEVIES THAT MAY BE IMPOSED WITHOUT VOTER APPROVAL, TO DELETE REFERENCE TO THE CREDIT FOR PREPAID TAXES, TO PROVIDE BUDGET STABILIZATION LEVIES FOR CERTAIN DISTRICTS, TO DELETE THE LOCAL DISTRICT CONTRIBUTION FOR SCHOOL FORMULA PURPOSES, TO PROVIDE FOR CHARTER DISTRICT LEVIES FOR MAINTENANCE AND OPERATION CONSISTENT WITH THE DISTRICT'S CHARTER, TO PROVIDE FOR PROPERTY IN A REVENUE ALLOCATION AREA WITHIN A CHARTER DISTRICT AND TO MAKE TECHNICAL CORRECTIONS; AMENDING SECTION 33-802A, IDAHO CODE, TO CLARIFY REFERENCES TO SCHOOL LEVIES; AMENDING SECTION 33-808, IDAHO CODE, TO PROVIDE NOTICE BY CHARTER DISTRICTS, TO PROVIDE CORRECT CODE CITATIONS AND TO MAKE A TECHNICAL CORRECTION; AMENDING SECTION 33-905, IDAHO CODE, TO PROVIDE A CORRECT CODE REFERENCE AND TO MAKE A TECHNICAL CORRECTION; AMENDING SECTION 33-907, IDAHO CODE, TO PROVIDE THAT BALANCES IN THE FUND THAT ARE IN EXCESS OF A CERTAIN AMOUNT SHALL BE TRANSFERRED TO THE BOND LEVY EQUALIZATION FUND AND TO PROVIDE THAT INTEREST EARNINGS BE RETAINED IN THE PUBLIC EDUCATION STABILIZATION FUND; AMENDING SECTION 33-1002, IDAHO CODE, TO REVISE HOW THE EDUCATIONAL SUPPORT PROGRAM IS CALCULATED, TO PROVIDE ELIGIBILITY FOR CHARTER DISTRICTS TO CONTINUE TO RECEIVE SCHOOL FORMULA MONEYS AND TO MAKE TECHNICAL CORRECTIONS; REPEALING SECTION 33-1002A, IDAHO CODE, RELATING TO THE LOCAL DISTRICT CONTRIBUTION REDUCTION AND REPEALING SECTION 33-1002D, IDAHO CODE, RELATING TO PROPERTY TAX REPLACEMENT; AMENDING SECTION 33-1003, IDAHO CODE, TO DELETE REFERENCE TO AN OBSOLETE PROVISION AND TO MAKE TECHNICAL CORRECTIONS; AMENDING SECTION 33-1004, IDAHO CODE, TO PROVIDE A CORRECT CODE REFERENCE AND TO MAKE A TECHNICAL CORRECTION; AMENDING SECTION 33-1408, IDAHO CODE, TO REVISE THE SPECIAL LEVY FOR TUITION AND TO EXEMPT THE LEVY FROM THE THREE PERCENT PROPERTY TAX CAP; AMENDING SECTION 33-5208, IDAHO CODE, TO PROVIDE A CORRECT CODE REFERENCE; AMENDING SECTION 50-2908, IDAHO CODE, TO DELETE REFERENCE TO PROPERTY TAX FOR SCHOOLS AND TO MAKE A TECHNICAL CORRECTION; AMENDING SECTION 63-315, IDAHO CODE, TO PROVIDE APPLICATION TO CHARTER DISTRICTS LEVYING A MAINTENANCE AND OPERATION LEVY IN THE PRIOR CALENDAR YEAR; AMENDING SECTION 63-802A, IDAHO CODE, TO DELETE REFERENCE TO SCHOOL DISTRICT MAINTENANCE AND OPERATION LEVIES, TO PROVIDE APPLICATION TO SCHOOL DISTRICTS AND TO MAKE A TECHNICAL CORRECTION; AMENDING SECTION 63-811, IDAHO CODE, TO DELETE REFERENCE TO PROPERTY TAX ALLOCATED FOR SCHOOLS AND TO MAKE A TECHNICAL CORRECTION; AMENDING SECTION 63-3619, IDAHO CODE, TO INCREASE THE SALES TAX TO SIX PERCENT; AMENDING SECTION 63-3621, IDAHO CODE, TO INCREASE THE USE TAX TO SIX PERCENT; AMENDING SECTION 63-3638, IDAHO CODE, TO REVISE THE DISTRIBUTION FOR SALES TAX REVENUES, TO DELETE REFERENCE TO MAINTENANCE AND OPERATION TAXES FOR SCHOOL DISTRICTS AND TO MAKE A TECHNICAL CORRECTION; AMENDING SECTION 63-3640, IDAHO CODE, TO PROVIDE DATE CHANGES FOR CERTAIN CONTRACTS; APPROPRIATING

1 MONEYS FROM THE GENERAL FUND TO THE PUBLIC SCHOOL INCOME FUND FOR FISCAL
2 YEAR 2007; APPROPRIATING ADDITIONAL MONEYS FROM THE PUBLIC SCHOOL INCOME
3 FUND TO THE EDUCATIONAL SUPPORT PROGRAM/DIVISION OF OPERATIONS FOR FISCAL
4 YEAR 2007; DIRECTING THE STATE CONTROLLER TO TRANSFER MONEYS FROM THE GEN-
5 ERAL FUND TO THE PUBLIC EDUCATION STABILIZATION FUND BY A DATE CERTAIN;
6 STATING LEGISLATIVE FINDINGS, SUBMITTING AN ADVISORY VOTE TO THE ELECTORS,
7 DIRECTING THE SECRETARY OF STATE TO SUBMIT THE QUESTION, STATING THE
8 QUESTION TO BE SUBMITTED, DECLARING THE ADVISORY QUESTION A MEASURE AND
9 MAKING APPLICABLE CERTAIN PROVISIONS GOVERNING ELECTION CAMPAIGN CONTRIBU-
10 TIONS AND EXPENDITURES; PROVIDING SEVERABILITY; DECLARING AN EMERGENCY,
11 PROVIDING RETROACTIVE APPLICATION AND PROVIDING EFFECTIVE DATES.

12 Be It Enacted by the Legislature of the State of Idaho:

13 SECTION 1. SHORT TITLE. This act may be known and cited as the "Property
14 Tax Relief Act of 2006."

15 SECTION 2. That Section 33-701, Idaho Code, be, and the same is hereby
16 amended to read as follows:

17 33-701. FISCAL YEAR -- PAYMENT AND ACCOUNTING OF FUNDS. The fiscal year
18 of each school district shall be a period of twelve (12) months commencing on
19 the first day of July in each year.

20 The board of trustees of each school district shall have the following
21 powers and duties:

22 1. To determine and order paid all lawful expenses for salaries, wages
23 and purchases, whether or not there be money in the treasury for payment of
24 warrants drawn against any fund of the district. Warrants shall be signed by
25 the treasurer of the district and countersigned by the chairman or vice-chair-
26 man of the board of trustees.

27 Whenever any school district has sufficient funds on deposit so to do so,
28 it may pay any allowed claim for salaries, wages or purchases by regular bank
29 check signed by the treasurer or assistant treasurer of the district and coun-
30 tersigned by the chairman, or vice-chairman, of the board of trustees.

31 The total amount of warrants or orders for warrants drawn on any fund,
32 together with disbursements from such fund in any other manner made, shall not
33 exceed ninety-five percent (95%) of the estimated income and revenue accrued
34 or accruing to such fund for the same school year, until such income and reve-
35 nue shall have been paid into the treasury to the credit of the district;

36 2. To invest all or part of any plant facilities reserve fund, or any
37 fund accumulated for the payment of interest on, and the redemption of, out-
38 standing bonds, or other obligations of the district in bonds or certificates
39 of indebtedness of the United States of America, or in bonds or warrants of
40 the state of Idaho, or in warrants or tax anticipation notes of any county or
41 school district of the state of Idaho, when such investments shall be due and
42 payable on or before the date any plant facilities reserve fund shall be
43 required to be expended or any bonds or other obligations, or interest
44 thereon, of the investing district shall become payable.

45 Whenever in the judgment of the board of trustees, the proceeds of any
46 bond issue should be temporarily invested pending the expenditure of such pro-
47 ceeds for the purposes for which such bonds were issued, the proceeds may be
48 invested in the manner and form hereinabove prescribed. Any interest, or prof-
49 its accruing from such investments shall be used for the purposes for which
50 the bonds were issued. Unless otherwise provided by law, any interest or prof-
51 its accruing from the investment of any funds shall be credited to the general

1 fund of the district;

2 3. To insure any ~~school--house~~ schoolhouse and other property, and the
3 district, against any loss by fire, casualty, or liability, and the board, its
4 officers and employees, and to preserve its property for the benefit of the
5 district. In case of loss of any insured property, any proceeds from insur-
6 ance:

7 (a) ~~m~~May be expended in constructing a temporary or permanent structure,
8 but no sum greater than the insurance proceeds shall be so expended except
9 upon approval of a majority of the school district electors voting in an
10 election called for that purpose; or

11 (b) ~~m~~May be placed in and made a part of the school plant facilities
12 reserve fund of the district, if the district has such a fund; or

13 (c) ~~m~~May be placed in a separate account in the bond interest and redemp-
14 tion fund of the district to repay any kind of obligation incurred by the
15 district in replacing or restoring the property for which the insurance
16 proceeds were received, and shall not be included in the computations of
17 bond and bond interest levies as provided in section 33-802A, Idaho Code.

18 If the proceeds of any insurance received by a school district by reason
19 of loss on real property shall be less than five thousand dollars (\$5,000),
20 such proceeds may be credited to the general fund of the district;

21 4. To pay from the general fund of the district the expense of any member
22 of the board incurred while traveling on the business of the board, or attend-
23 ing any meeting called by the state board of education or by the state super-
24 intendent of public instruction, or attending any annual or special meetings
25 of the state school trustees association, and to pay the membership fee of the
26 board of trustees in said association. Whenever any member of the board of
27 trustees resides at such distance from the meeting place of the board as to
28 require, in the judgment of the board, such member to incur extraordinary
29 expense in traveling from his home to and from said meeting place, the board
30 may approve payment to such member of the extraordinary expense incurred in
31 attending any meeting of the board.

32 For the purpose of this paragraph, the term "expense" or "extraordinary
33 expense" shall include allowance for mileage or actual travel expense incur-
34 red;

35 5. To prepare, or cause to be prepared and published, in the manner here-
36 inafter prescribed, within one hundred twenty (120) days from the last day of
37 each fiscal year, an annual statement of financial condition and report of the
38 school district as of the end of such fiscal year in a form prescribed by the
39 state superintendent of public instruction. Such annual statement shall
40 include, but not be limited to, the amounts of money budgeted and received and
41 from what sources, and the amounts budgeted and expended for salaries and
42 other expenses by category. Salaries may be reported in gross amount. Each
43 school district shall have available at the administrative office, upon
44 request, a full and complete list of vendors and the amount paid to each and a
45 list of the number of teachers paid at each of the several stated gross salary
46 levels in effect in the district.

47 Nothing herein provided shall be construed as limiting any school district
48 as to any additional or supplementary statements and reports it may elect to
49 make for the purpose of informing the public of its financial operations,
50 either as to form, content, method, or frequency; and if all the information
51 required herein to be published shall have been published as provided herein
52 at regular intervals during the fiscal year covering successive portions of
53 the fiscal year, then such information may be omitted from the annual state-
54 ment of financial condition and report for such portions of the fiscal year as
55 already have been reported.

1 The annual statement of financial condition and report shall be published
2 within the time above prescribed in one (1) issue of a newspaper printed and
3 published within the district, or, if there be none, then in a newspaper as
4 provided in section 60-106, Idaho Code, published within the district, or, if
5 there be none, then in a newspaper as provided in section 60-106, Idaho Code,
6 in the county in which the school district is located, or, if more than one
7 (1) newspaper is published in said district or county, then in the newspaper
8 most likely to give best general notice of the contents of such annual state-
9 ment of financial condition and report to the residents of said district; pro-
10 vided, that if no newspaper is published in the district or county, then such
11 statement of financial condition and report shall be published in a newspaper
12 as provided in section 60-106, Idaho Code, most likely to give best general
13 notice of the contents to the residents of said district.

14 The chairman, clerk and treasurer of each school district shall certify
15 the annual statement of financial condition and report to be true and correct,
16 and the certification shall be included in each published statement.

17 In the event the board of trustees of any school district shall fail to
18 prepare or cause to be prepared or to publish the annual statement of finan-
19 cial condition and report as herein required, the state superintendent of pub-
20 lic instruction shall cause the same to be prepared and published, and the
21 cost thereof shall be an obligation of the school district. One (1) copy of
22 the annual statement of financial condition and report shall be retained in
23 the office of the clerk of the board of school trustees, where the same shall
24 be open at all times to examination and inspection by any person;

25 6. To cause to be made a full and complete audit of the financial state-
26 ments of the district as required in section 67-450B, Idaho Code.

27 The auditor shall be employed on written contract.

28 One (1) copy of the audit report shall be filed with the state department
29 of education, after its acceptance by the board of trustees, but not later
30 than October 15;

31 7. To file annually with the state department of education such financial
32 and statistical reports as said state superintendent of public instruction may
33 require;

34 8. To order and have destroyed any canceled check or warrant, or any form
35 of claim or voucher which has been paid, at any time after five (5) years from
36 the date the same was canceled and paid;

37 9. To review the school district budget periodically and make appropriate
38 budget adjustments to reflect the availability of funds and the requirements
39 of the school district. ~~Revenue derived from maintenance and operation levies~~
40 ~~made pursuant to section 33-802-2, Idaho Code, shall be excluded from budget~~
41 ~~adjustments as provided in this paragraph.~~ Any person or persons proposing a
42 budget adjustment under this section shall notify in writing each member of
43 the board of trustees one (1) week prior to the meeting at which such proposal
44 will be made. Prior to the final vote on such a proposal, notice shall be
45 posted and published once, as prescribed in section 33-402, Idaho Code. A bud-
46 get adjustment shall not be approved unless voted affirmatively by sixty per-
47 cent (60%) of the members of the board of trustees. Such amended budgets shall
48 be submitted to the state superintendent of public instruction;

49 10. To invest any money coming into the hands of the school district in
50 investments permitted by section 67-1210, Idaho Code. Unless otherwise pro-
51 vided by law, any interest or profits accruing from the investment of any
52 funds shall be credited to the general fund of the district.

53 SECTION 3. That Section 33-802, Idaho Code, be, and the same is hereby
54 amended to read as follows:

1 33-802. SCHOOL LEVIES. Any tax levied for school purposes shall be a lien
2 on the property against which the tax is levied. The board of trustees shall
3 determine the levies upon each dollar of taxable property in the district for
4 the ensuing fiscal year as follows:

5 (1-) Bond, Interest and Judgment Obligation Levies. Such levies as shall
6 be required to satisfy all maturing bond, bond interest, and judgment obliga-
7 tions.

8 (2-) ~~Maximum--School--Maintenance--and--Operation~~ Budget Stabilization
9 Levies. ~~Such levies for maintaining and operating the schools of the district~~
10 ~~and for the payment of tuition and transportation, that do not exceed an~~
11 ~~amount equal to four tenths of one percent (.4%) during tax year 1994, and do~~
12 ~~not exceed an amount equal to three tenths of one percent (.3%) during tax~~
13 ~~year 1995 and thereafter, applied to the actual or adjusted market value for~~
14 ~~assessment purposes of the district as such valuation existed on December 31~~
15 ~~of the previous year, but allowances necessary as a credit for prepaid taxes,~~
16 ~~as provided in section 63-1607, Idaho Code, shall not be included in such max-~~
17 ~~imum levies. Provided however, that in the event property within a district's~~
18 ~~boundaries is contained in a revenue allocation area established under chapter~~
19 ~~29, title 50, Idaho Code, and such revenue allocation area has given notice of~~
20 ~~termination thereunder, then, only for the purpose of determining the levy~~
21 ~~described in this subsection, the district may add the increment value, as~~
22 ~~defined in section 50-2903, Idaho Code, to the actual or adjusted market value~~
23 ~~for assessment purposes of the district as such value existed on December 31~~
24 ~~of the previous year.~~

25 3- ~~Authorized--School--Maintenance--and--Operation Levies. Such levies for~~
26 ~~maintaining and operating the schools of the district and for the payment of~~
27 ~~tuition and transportation that do not exceed one hundred eleven percent~~
28 ~~(111%) of the local district's contribution authorized in subsection 2- of~~
29 ~~section 33-1002, Idaho Code. Implementation of the provisions of this subsec-~~
30 ~~tion shall be authorized only after approval by a majority of the district's~~
31 ~~electors voting on the question. Levies otherwise authorized by law shall not~~
32 ~~require an election~~ School districts not receiving state equalization funds in
33 fiscal year 2006 may authorize a budget stabilization levy for calendar year
34 2006 and each year thereafter. Such levies shall not exceed the difference
35 between the amount of equalized funds that the state department of education
36 estimates the school district will receive in fiscal year 2007, based on the
37 school district's fiscal year 2006 reporting data, and the combined amount of
38 money the school district would have received from its maintenance and opera-
39 tion levy and state property tax replacement funds in fiscal year 2007 under
40 the laws of the state of Idaho as they existed prior to amendment by the first
41 extraordinary session of the fifty-eighth Idaho legislature. The state depart-
42 ment of education shall notify the state tax commission and affected counties
43 and school districts of the maximum levy amounts permitted, by no later than
44 September 1, 2006.

45 4-(3) Supplemental Maintenance and Operation Levies. No levy in excess of
46 the levy permitted by subsection 2- or 3- of this section shall be made by a
47 noncharter school district unless such a supplemental levy in a specified
48 amount and for a specified time not to exceed two (2) years be first autho-
49 rized through an election held pursuant to chapter 4, title 33, Idaho Code,
50 and approved by a majority of the district electors voting in such election. A
51 levy approved pursuant to this subsection may be reduced by a majority vote of
52 the board of trustees in the second year.

53 5-(4) Charter District Supplemental Maintenance and Operation. Levies
54 pursuant to the respective charter of any such charter district shall be first
55 authorized through an election held pursuant to chapter 4, title 33, Idaho

Code, and approved by a majority of the district electors voting in such election.

~~6. The Local District Contribution. The local school district contribution levy is the amount utilized for calculating local district participation in the educational foundation program, which is applied to the adjusted market value for assessment purposes, as such valuation existed on December 31 of the previous year, together with the increment value, as defined in section 50-2903, Idaho Code, if applicable under the circumstance described in subsection 2 of this section, relating to termination of a revenue allocation area.~~

7.(5) The board of trustees of any school district that has, for at least seven (7) consecutive years, been authorized through an election held pursuant to chapter 4, title 33, Idaho Code, to certify a supplemental levy that has annually been equal to or greater than twenty percent (20%) of the total general maintenance and operation fund, may submit the question of an indefinite term supplemental levy to the electors of the school district. Such question shall clearly state the dollar amount that will be certified annually and that the levy will be for an indefinite number of years. The question must be approved by a majority of the district electors voting on the question in an election held pursuant to chapter 4, title 33, Idaho Code. The levy approved pursuant to this subsection may be reduced by a majority vote of the board of trustees during any fiscal year.

(6) A charter district may levy for maintenance and operations if such authority is contained within its charter. In the event property within a charter district's boundaries is contained in a revenue allocation area established under chapter 29, title 50, Idaho Code, and such revenue allocation area has given notice of termination thereunder, then, only for the purpose of determining the levy described in this subsection, the district may add the increment value, as defined in section 50-2903, Idaho Code, to the actual or adjusted market value for assessment purposes of the district as such value existed on December 31 of the previous year.

SECTION 4. That Section 33-802A, Idaho Code, be, and the same is hereby amended to read as follows:

33-802A. COMPUTATION OF BOND AND BOND INTEREST LEVIES. When the board of trustees of any school district determines and makes the a levy required allowed by section 33-802, Idaho Code, and incorporates such levy as a part of the school district's budget to service all maturing bond and bond interest payments for the ensuing fiscal year, it shall take into consideration any state bond levy equalization funds provided pursuant to section 33-906, Idaho Code, and any balances remaining or that may remain in its bond interest and redemption fund after meeting its bond and bond interest obligations for its current fiscal year. The levy so made for the ensuing fiscal year shall be an amount which, together with any state bond levy equalization funds provided pursuant to section 33-906, Idaho Code, and the balance in its bond interest and redemption fund remaining after meeting its current fiscal year bond and bond interest obligations, shall satisfy all maturing bond and bond interest payments for at least the ensuing twelve (12) months, and not to exceed the ensuing twenty-one (21) months counted from July 1 of the current calendar year.

SECTION 5. That Section 33-808, Idaho Code, be, and the same is hereby amended to read as follows:

33-808. NOTICE OF ADJUSTMENT TO MARKET VALUE FOR ASSESSMENT PURPOSES UPON

1 TERMINATION OF A REVENUE ALLOCATION AREA. (1) A school charter district with a
2 maintenance and operation levy in the immediately previous year that shall
3 adjust its market value for assessment purposes in accordance with the provi-
4 sions of section 33-802 2-(6), Idaho Code, relating to termination of a reve-
5 nue allocation area, shall advertise its action by publishing in at least the
6 newspaper of largest paid circulation published in the county of the district,
7 or if there is no such newspaper, then in a newspaper published nearest to the
8 district where the advertisement is required to be published.

9 (2) For purposes of this section, the definition of "newspaper" shall be
10 as established in sections 60-106 and 60-107, Idaho Code; provided further,
11 that the newspaper of largest circulation shall be established by the state-
12 ment of average annual paid weekday circulation listed on the newspaper's
13 sworn statement of ownership that was filed with the United States post office
14 on a date most recently preceding the date on which the advertisement required
15 in this section is to be published. The advertisement shall be run when the
16 school district ascertains that it will adjust its market value for assessment
17 purposes in accordance with the provisions of section 33-802 2-(6), Idaho
18 Code, relating to termination of a revenue allocation area, and shall be pub-
19 lished once a week for two (2) weeks following action by the board of
20 trustees.

21 (3) The form and content of the notice shall be substantially as follows:

22 NOTICE OF PROPERTY TAX ADJUSTMENT BY SCHOOL BOARD

23 The (insert name of the school district) hereinafter the "District," has
24 increased its market value for assessment purposes as of December 31,, by
25 the amount of the increment value of the (insert name of Redevelopment Agency
26 Revenue Allocation Area) on such date, in accordance with the provisions of
27 Section 33-802, Idaho Code, because the revenue allocation area gave notice of
28 termination pursuant to Section 50-2903, Idaho Code, and as a result thereof
29 property taxes on the increment~~at~~ value of the revenue allocation area will
30 not be collected and distributed to the District. Section 33-802, Idaho Code,
31 permits the District to replace those funds by adjusting its market value as
32 described herein. The total amount of dollars in property taxes to be directly
33 collected by the District pursuant to this action is estimated to be \$.....

34 SECTION 6. That Section 33-905, Idaho Code, be, and the same is hereby
35 amended to read as follows:

36 33-905. SCHOOL DISTRICT BUILDING ACCOUNT -- PAYMENTS TO ACCOUNT -- MONEYS
37 APPROPRIATED TO STATE BOARD -- APPLICATION FOR MONEYS -- PAYMENTS TO DISTRICTS
38 -- REPORTS ON APPLICATIONS -- USES OF MONEYS. (1) The state of Idaho, in order
39 to fulfill its responsibility to establish and maintain a general, uniform and
40 thorough system of public, free common schools, hereby creates and establishes
41 the school district building account in the state treasury. The school dis-
42 trict building account shall have paid into it such appropriations or revenues
43 as may be provided by law.

44 (2) By not later than August 31, moneys in the account pursuant to dis-
45 tribution from section 67-7434, Idaho Code, the lottery dividends and interest
46 earned thereon, shall be distributed to each of the several school districts,
47 in the proportion that the average daily attendance of that district for the
48 previous school year bears to the total average daily attendance of the state
49 during the previous school year. For the purposes of this subsection (2) only,
50 the Idaho school for the deaf and the blind shall be considered a school dis-
51 trict, and shall receive a distribution based upon the average daily atten-

1 dance of the school. Average daily attendance shall be calculated as provided
2 in section 33-1002 ~~5-(3)~~, Idaho Code.

3 (3) Any other state moneys that may be made available shall be distrib-
4 uted to meet the requirements of section 33-1019, Idaho Code. If the amount of
5 such funds exceeds the amount needed to meet the provisions of section
6 33-1019, Idaho Code, then the excess balance shall be transferred to the pub-
7 lic education stabilization fund.

8 (4) All payments from the school district building account shall be paid
9 out directly to the school district in warrants drawn by the state controller
10 upon presentation of proper vouchers from the state board of education. Pend-
11 ing payments out of the school district building account, the moneys in the
12 account shall be invested by the state treasurer in the same manner as pro-
13 vided under section 67-1210, Idaho Code, with respect to other idle moneys in
14 the state treasury. Interest earned on the investments shall be returned to
15 the school district building account.

16 (5) Payments from the school district building account received by a
17 school district shall be used by the school district for the purposes autho-
18 rized in section 33-1019, Idaho Code, up to the level of the state match so
19 required. Any payments from the school district building account received by a
20 school district that are in excess of the state match requirements of section
21 33-1019, Idaho Code, may be used by the school district for the purposes
22 authorized in section 33-1102, Idaho Code.

23 SECTION 7. That Section 33-907, Idaho Code, be, and the same is hereby
24 amended to read as follows:

25 33-907. PUBLIC EDUCATION STABILIZATION FUND. There is hereby created in
26 the state treasury a fund to be known as the public education stabilization
27 fund, which shall function as a fund detail of the public school income fund.
28 The fund shall consist of moneys transferred to the fund according to the pro-
29 visions of sections 33-905 and 33-1018, Idaho Code, and any other moneys made
30 available through legislative transfers or appropriations. Moneys in the fund
31 are hereby continuously appropriated for the purposes stated in sections
32 33-1018 and 33-1018B, Idaho Code, and shall only be expended for the purposes
33 stated in sections 33-1018, 33-1018A and 33-1018B, Idaho Code. Any accumulated
34 balances in the fund that are in excess of five eight and one-third percent
35 (~~58.334%~~) of the current fiscal year's total ~~general--fund~~ appropriation of
36 state funds for public school support shall be transferred to the bond levy
37 equalization fund. Interest earned from the investment of moneys in the fund
38 shall be ~~credited to retained in~~ the public-school-income fund.

39 SECTION 8. That Section 33-1002, Idaho Code, be, and the same is hereby
40 amended to read as follows:

41 33-1002. EDUCATIONAL SUPPORT PROGRAM. The educational support program is
42 calculated as follows:

43 (1-) State Educational Support Funds. Add the state appropriation,
44 including the moneys available in the public school income fund, together
45 with all miscellaneous revenues to determine the total state funds.

46 (2-) From the total state funds subtract the following amounts needed for
47 state support of special programs provided by a school district:

48 (a-) Pupil tuition-equivalency allowances as provided in section
49 33-1002B, Idaho Code;

50 (b-) Transportation support program as provided in section 33-1006, Idaho
51 Code;

(c-) Feasibility studies allowance as provided in section 33-1007A, Idaho Code;

(d-) The approved costs for border district allowance, provided in section 33-1403, Idaho Code, as determined by the state superintendent of public instruction;

(e-) The approved costs for exceptional child approved contract allowance, provided in subsection 2. of section 33-2004, Idaho Code, as determined by the state superintendent of public instruction;

(f-) Certain expectant and delivered mothers allowance as provided in section 33-2006, Idaho Code;

(g-) Salary-based apportionment calculated as provided in sections 33-1004 through 33-1004F, Idaho Code;

(h-) Unemployment insurance benefit payments according to the provisions of section 72-1349A, Idaho Code;

(i-) For expenditure as provided by the public school technology program;

(j-) For the support of provisions that provide a safe environment conducive to student learning and maintain classroom discipline, an allocation of \$300 per support unit; and

(k-) Any additional amounts as required by statute to effect administrative adjustments or as specifically required by the provisions of any bill of appropriation;

to secure the state total educational support distribution funds.

~~(3-) Local Districts' Contribution Calculation. Without including any allowance as a credit for prepaid taxes as provided by section 63-1607, Idaho Code, the local districts' contribution shall be the amount appropriated pursuant to section 33-1002B, Idaho Code, plus three-tenths percent (.3%) during fiscal year 2003-04 and each year thereafter, of the total state adjusted market value for assessment purposes for the previous year with such value being determined by the provisions of section 63-315, Idaho Code, and four-tenths percent (.4%) during fiscal year 1994-95 and each year thereafter, of the cooperative electrical associations' property values that have been derived from the taxes paid in lieu of property taxes for the previous year as provided in section 63-3502, Idaho Code, less any maintenance and operations levy funds credited as a reduction against state funds provided for students attending school in another state.~~

~~4- Educational Support Program Distribution Funds. Add the local districts' contribution, subsection 3- of this section, and the state educational support program funds, subsection 1- of this section, together to secure the total educational support program distribution funds.~~

5- Average Daily Attendance. The total state average daily attendance shall be the sum of the average daily attendance of all of the school districts of the state. The state board of education shall establish rules setting forth the procedure to determine average daily attendance and the time for, and method of, submission of such report. Average daily attendance calculation shall be carried out to the nearest hundredth. Computation of average daily attendance shall also be governed by the provisions of section 33-1003A, Idaho Code.

6-(4) Support Units. The total state support units shall be determined by using the tables set out hereafter called computation of kindergarten support units, computation of elementary support units, computation of secondary support units, computation of exceptional education support units, and computation of alternative school secondary support units. The sum of all of the total support units of all school districts of the state shall be the total state support units.

COMPUTATION OF KINDERGARTEN SUPPORT UNITS

1	Average Daily		
2	Attendance	Attendance Divisor	Units Allowed
3	41 or more	40.....	1 or more as computed
4	31 - 40.99 ADA....	-.....	1
5	26 - 30.99 ADA....	-.....	.85
6	21 - 25.99 ADA....	-.....	.75
7	16 - 20.99 ADA....	-.....	.6
8	8 - 15.99 ADA....	-.....	.5
9	1 - 7.99 ADA....	-.....	count as elementary

COMPUTATION OF ELEMENTARY SUPPORT UNITS

11	Average Daily		
12	Attendance	Attendance Divisor	Minimum Units Allowed
13	300 or more ADA.....		15
14	..23...grades 4,5 & 6....		
15	..22...grades 1,2 & 3....1994-95		
16	..21...grades 1,2 & 3....1995-96		
17	..20...grades 1,2 & 3....1996-97		
18	and each year thereafter.		
19	160 to 299.99 ADA... 20.....		8.4
20	110 to 159.99 ADA... 19.....		6.8
21	71.1 to 109.99 ADA... 16.....		4.7
22	51.7 to 71.0 ADA... 15.....		4.0
23	33.6 to 51.6 ADA... 13.....		2.8
24	16.6 to 33.5 ADA... 12.....		1.4
25	1.0 to 16.5 ADA... n/a.....		1.0

COMPUTATION OF SECONDARY SUPPORT UNITS

27	Average Daily		
28	Attendance	Attendance Divisor	Minimum Units Allowed
29	750 or more	18.5.....	47
30	400 - 749.99 ADA....	16.....	28
31	300 - 399.99 ADA....	14.5.....	22
32	200 - 299.99 ADA....	13.5.....	17
33	100 - 199.99 ADA....	12.....	9
34	99.99 or fewer	Units allowed as follows:	
35	Grades 7-12		8
36	Grades 9-12		6
37	Grades 7- 9		1 per 14 ADA
38	Grades 7- 8		1 per 16 ADA

COMPUTATION OF EXCEPTIONAL EDUCATION SUPPORT UNITS

40	Average Daily		
41	Attendance	Attendance Divisor	Minimum Units Allowed
42	14 or more	14.5.....	1 or more as computed
43	12 - 13.99....	-.....	1
44	8 - 11.99....	-.....	.75
45	4 - 7.99....	-.....	.5
46	1 - 3.99....	-.....	.25

COMPUTATION OF ALTERNATIVE SCHOOL SECONDARY SUPPORT UNITS

48	Pupils in Attendance	Attendance Divisor	Minimum Units Allowed
49	12 or more.....	12.....	1 or more as computed

In applying these tables to any given separate attendance unit, no school district shall receive less total money than it would receive if it had a lesser average daily attendance in such separate attendance unit. In applying the kindergarten table to a kindergarten program of less days than a full school year, the support unit allowance shall be in ratio to the number of days of a full school year. The tables for exceptional education and alternative school secondary support units shall be applicable only for programs approved by the state department of education following rules established by the state board of education. Moneys generated from computation of support units for alternative schools shall be utilized for alternative school programs. School district administrative and facility costs may be included as part of the alternative school expenditures.

7.(5) State Distribution Factor per Support Unit. Divide educational support program distribution funds, after subtracting the amounts necessary to pay the obligations specified in subsection (2) of this section, by the total state support units to secure the state distribution factor per support unit.

~~8.(6) District Share of State Funds for Educational Support Program. Ascertain a district's share of state funds for the educational support program as follows:~~

~~a. District Contribution Calculation. Without including any allowance as a credit for prepaid taxes, as provided in section 63-1607, Idaho Code, the district contribution calculation shall be the rate determined under subsection 3. of this section.~~

~~b. District Support Units. The number of support units for each school district in the state shall be determined as follows:~~

(a) (i) Divide the actual average daily attendance, excluding students approved for inclusion in the exceptional child educational program, for the administrative schools and each of the separate schools and attendance units by the appropriate divisor from the tables of support units in this section, then add the quotients to obtain the district's support units allowance for regular students, kindergarten through grade 12 including alternative school secondary students. Calculations in application of this subsection shall be carried out to the nearest tenth.

(2ii) Divide the combined totals of the average daily attendance of all preschool, handicapped, kindergarten, elementary, secondary and juvenile detention center students approved for inclusion in the exceptional child program of the district by the appropriate divisor from the table for computation of exceptional education support units to obtain the number of support units allowed for the district's approved exceptional child program. Calculations for this subsection shall be carried out to the nearest tenth when more than one (1) unit is allowed.

(3iii) The total number of support units of the district shall be the sum of the total support units for regular students, subsection ~~8.b.(1)~~(6)(a)(i) of this section, and the support units allowance for the approved exceptional child program, subsection ~~8.b.(2)~~(6)(a)(ii) of this section.

~~c.(b)~~ (b) Total District Allowance Educational Program. Multiply the district's total number of support units, carried out to the nearest tenth, by the state distribution factor per support unit and to this product add the approved amount of programs of the district provided in subsection (2) of this section to secure the district's total allowance for the educational support program.

~~d.(c)~~ (c) District Share. ~~To secure t~~The district's share of state apportion-

~~ment, subtract the amount of the local district contribution calculation, subsection 3, of this section, from~~ is the amount of the total district allowance, subsection ~~8-c~~(6)(b) of this section.

~~e~~(d) Adjustment of District Share. The contract salary of every noncertificated teacher shall be subtracted from the district's share as calculated from the provisions of subsection ~~8-d~~(6)(c) of this section.

(7) Property Tax Computation Ratio. In order to receive state funds pursuant to this section a charter district shall utilize a school maintenance and operation property tax computation ratio for the purpose of calculating its maintenance and operation levy, that is no greater than that which it utilized in tax year 1994, less four-tenths of one percent (.4%). As used herein, the term "property tax computation ratio" shall mean a ratio determined by dividing the district's certified property tax maintenance and operation budget by the actual or adjusted market value for assessment purposes as such values existed on December 31, 1993. Such maintenance and operation levy shall be based on the property tax computation ratio multiplied by the actual or adjusted market value for assessment purposes as such values existed on December 31 of the prior calendar year.

SECTION 9. That Sections 33-1002A and 33-1002D, Idaho Code, be, and the same are hereby repealed.

SECTION 10. That Section 33-1003, Idaho Code, be, and the same is hereby amended to read as follows:

33-1003. SPECIAL APPLICATIONS OF EDUCATIONAL SUPPORT PROGRAM. (1-) Decrease in Average Daily Attendance. -- Any school district which has a decrease in total average daily attendance of one percent (1%) of its average daily attendance in the then current school year from the total average daily attendance used for determining the allowance in the educational support program for the school year immediately preceding, the allowance of funds from the educational support program may be based on the average daily attendance of the school year immediately preceding, less one percent (1%). When this provision is applied, the decrease in average daily attendance shall be proportionately distributed among the various categories of support units that are appropriate for the district.

(2-) Application of Support Program to Separate Schools/Attendance Units in District.

(a-) Separate Elementary School. -- Any separate elementary school shall be allowed to participate in the educational support program as though the school were the only elementary school operated by the district.

(b-) Hardship Elementary School. -- Upon application of the board of trustees of a school district, the state board of education is empowered to determine that a given elementary school or elementary schools within the school district, not otherwise qualifying, are entitled to be counted as a separate elementary school as defined in section 33-1001, Idaho Code, when, in the discretion of the state board of education, special conditions exist warranting the retention of the school as a separate attendance unit and the retention results in a substantial increase in cost per pupil in average daily attendance above the average cost per pupil in average daily attendance of the remainder of the district's elementary grade school pupils. An elementary school operating as a previously approved hardship elementary school shall continue to be considered as a separate attendance unit, unless the hardship status of the elementary school is rescinded by the state board of education.

1 (c-) Separate Secondary School. -- Any separate secondary school shall be
2 allowed to participate in the educational support program as though the
3 school were the only secondary school operated by the district.

4 (d-) Elementary/Secondary School Attendance Units. -- Elementary grades
5 in an elementary/secondary school will be funded as a separate attendance
6 unit if all elementary grades served are situated more than ten (10) miles
7 distance from both the nearest like elementary grades within the same
8 school district and from the location of the office of the superintendent
9 of schools of such district, or from the office of the chief administrative
10 officer of such district if the district employs no superintendent of
11 schools. Secondary grades in an elementary/secondary school will be funded
12 as a separate attendance unit if all secondary grades served are located
13 more than fifteen (15) miles by an all-weather road from the nearest like
14 secondary grades operated by the district.

15 (e-) Hardship Secondary School. -- Any district which operated two (2)
16 secondary schools separated by less than fifteen (15) miles, but which
17 district was created through consolidation subsequent to legislative
18 action pursuant to chapter 111, laws of 1947, and which school buildings
19 were constructed prior to 1935, shall be entitled to count the schools as
20 separate attendance units.

21 (f-) Minimum Pupils Required. -- Any elementary school having less than
22 ten (10) pupils in average daily attendance shall not be allowed to participate
23 in the state or county support program unless the school has been
24 approved for operation by the state board of education.

25 (3-) Remote Schools. -- The board of trustees of any Idaho school district
26 which operates and maintains a school which is remote and isolated from
27 the other schools of the state because of geographical or topographical conditions
28 may petition the state board of education to recognize and approve the
29 school as a remote and necessary school. The petition shall be in form and
30 content approved by the state board of education and shall provide such information
31 as the state board of education may require. Petitions for the recognition
32 of a school as a remote and necessary school shall be filed annually at
33 least ninety (90) days prior to the date of the annual meeting of the board of
34 trustees as established in section 33-510, Idaho Code.

35 Within forty-five (45) days after the receipt of a petition for the recognition
36 of a remote and necessary school, the state board of education shall
37 either approve or disapprove the petition and notify the board of trustees of
38 its decision. Schools which the state board of education approves as being
39 necessary and remote shall be allowed adequate funding within the support program
40 for an acceptable educational program for the students of the school. In
41 the case of a remote and necessary secondary school, grades 7-12, the educational
42 program shall be deemed acceptable when, in the opinion of the state
43 board of education, the accreditation standard relating to staff size, established
44 in accordance with section 33-119, Idaho Code, has been met. The final
45 determination of an acceptable program and adequate funding in the case of a
46 remote and necessary elementary school shall be made by the state board of
47 education.

48 (4-) Support Program When District Boundaries are Changed.

49 (a-) In new districts formed by the division of a district, the support
50 program computed for the district divided in its last year of operation,
51 shall be apportioned to the new districts created by the division, in the
52 proportion that the average daily attendance of pupils, elementary and
53 secondary combined, residing in the area of each new district so created,
54 is to the average daily attendance of all pupils, elementary and secondary
55 combined, in the district divided in its last year of operation before the

division.

(b-) When boundaries of districts are changed by excision or annexation of territory, the support program of any district from which territory is excised for the last year of operation before such excision shall be divided, and apportioned among the districts involved, as prescribed in subsection ~~4a-~~ (4)(a) of this section.

(c-) In new districts formed by consolidation of former districts, the support program allowance for a seven (7) year period following the formation of the new district, shall not be less than the combined support program allowances of the component districts in the last year of operation before consolidation.

~~5.--For the fiscal year which commences on July 1, 1986, and for each succeeding fiscal year, any school district whose adjusted market value for assessment purposes decreases forty percent (40%) or more from the previous year's adjusted market value for assessment purposes as such valuation existed on December 31, is eligible to receive an adjustment to its educational support program entitlement, subject to qualifications as follows:~~

~~a.--The adjusted market value for assessment purposes has decreased forty percent (40%) or more from the previous year's adjusted market value for assessment purposes as such valuation existed on December 31; and~~

~~b.--The school levy to be certified for the general maintenance and operation fund shall be no less than four tenths of one percent (.4%); and~~

~~c.--An eligible school district has made application to the state department of education for an adjustment to entitlement from the state educational support program on or before June 1 of the fiscal year. Such application must document the need for additional funds and must include a district plan to minimize impact of a reduced local tax base.~~

SECTION 11. That Section 33-1004, Idaho Code, be, and the same is hereby amended to read as follows:

33-1004. STAFF ALLOWANCE. For each school district, a staff allowance shall be determined as follows:

(1) Using the daily attendance reports that have been submitted for computing the February 15th apportionment of state funds as provided in section 33-1009, Idaho Code, determine the total support units for the district in the manner provided in section 33-1002 ~~8-b-~~(6)(a), Idaho Code;

(2) Determine the instructional staff allowance by multiplying the support units by 1.1. A district must demonstrate that it actually employs the number of certificated instructional staff allowed. If the district does not employ the number allowed, the staff allowance shall be reduced to the actual number employed;

(3) Determine the administrative staff allowance by multiplying the support units by .075;

(4) Determine the classified staff allowance by multiplying the support units by .375;

(5) Additional conditions governing staff allowance:

(a) In determining the number of staff in subsections (2), (3) and (4) of this section, a district may contract separately for services to be rendered by nondistrict employees and such employees may be counted in the staff allowance. A "nondistrict employee" means a person for whom the school district does not pay the employer's obligations for employee benefits. When a district contracts for the services of a nondistrict employee, only the salary portion of the contract shall be allowable for computations.

(b) If there are circumstances preventing eligible use of staff allowance to which a district is entitled as provided in subsections (2) and (3) of this section, an appeal may be filed with the state department of education outlining the reasons and proposed alternative use of these funds, and a waiver may be granted.

(c) For any district with less than forty (40) support units:

(i) The instructional staff allowance shall be calculated applying the actual number of support units. If the actual instructional staff employed in the school year is greater than the instructional staff allowance, then the instructional staff allowance shall be increased by one-half (1/2) staff allowance; and

(ii) The administrative staff allowance shall be calculated applying the actual number of support units. If the actual administrative staff employed in the school year is greater than the administrative staff allowance, then the administrative staff allowance shall be increased by one-half (1/2) staff allowance.

(iii) Additionally, for any district with less than twenty (20) support units, the instructional staff allowance shall be calculated applying the actual number of support units. If the number of instructional staff employed in the school year is greater than the instructional staff allowance, the staff allowance shall be increased as provided in paragraphs (i) and (ii) of this subsection, and by an additional one-half (1/2) instructional staff allowance.

(d) For any school district with one (1) or more separate secondary schools serving grades nine (9) through twelve (12), the instructional staff allowance shall be increased by two (2) additional instructional staff allowances for each such separate secondary school.

(e) Only instructional, administrative and classified personnel compensated by the school district from the general maintenance and operation fund of the district shall be included in the calculation of staff allowance or in any other calculations based upon staff, including determination of the experience and education multiplier, the reporting requirements, or the district's salary-based apportionment calculation. No food service staff or transportation staff shall be included in the staff allowance.

(6) In the event that the staff allowance in any category is insufficient to meet accreditation standards, a district may appeal to the state board of education, demonstrating the insufficiency, and the state board may grant a waiver authorizing sufficient additional staff to be included within the staff allowance to meet accreditation standards. Such a waiver shall be limited to one (1) year, but may be renewed upon showing of continuing justification.

SECTION 12. That Section 33-1408, Idaho Code, be, and the same is hereby amended to read as follows:

33-1408. SPECIAL LEVY FOR TUITION. Any school district is hereby authorized to make a levy above the maintenance and operation levy otherwise authorized by law for the purpose of paying tuition costs of its students who, under authorization of the board of trustees of the district, attend school in another district either in or out of Idaho, ~~except for those costs reimbursed by the state under border contracts.~~ Such levy shall be exempt from the provisions of section 63-802, Idaho Code.

SECTION 13. That Section 33-5208, Idaho Code, be, and the same is hereby amended to read as follows:

1 33-5208. PUBLIC CHARTER SCHOOL FINANCIAL SUPPORT. Except as provided in
2 subsection (8) of this section, from the state educational support program the
3 state department of education shall make the following apportionment to each
4 public charter school for each fiscal year based on attendance figures submit-
5 ted in a manner and time as required by the department of education:

6 (1) Per student support. Computation of support units for each public
7 charter school shall be calculated as if it were a separate school according
8 to the schedules in section 33-1002 ~~6~~(4), Idaho Code, except that public
9 charter schools with fewer than one hundred (100) secondary ADA shall use a
10 divisor of twelve (12) and the minimum units shall not apply, and no public
11 charter school shall receive an increase in support units that exceeds the
12 support units it received in the prior year by more than twenty (20). Funding
13 from the state educational support program shall be equal to the total distri-
14 bution factor, plus the salary-based apportionment provided in chapter 10,
15 title 33, Idaho Code. Provided however, any public charter school that is
16 formed by the conversion of an existing traditional public school shall be
17 assigned divisors, pursuant to section 33-1002, Idaho Code, that are no lower
18 than the divisors of the school district in which the traditional public
19 school is located, for each category of pupils listed.

20 (2) Special education. For each student enrolled in the public charter
21 school who is entitled to special education services, the state and federal
22 funds from the exceptional child education program for that student that would
23 have been apportioned for that student to the school district in which the
24 public charter school is located.

25 (3) Alternative school support. Public charter schools may qualify under
26 the provisions of sections 33-1002 and 33-1002C, Idaho Code, provided the pub-
27 lic charter school meets the necessary statutory requirements, and students
28 qualify for attendance at an alternative school as provided by rule of the
29 state board of education.

30 (4) Transportation support. Support shall be paid to the public charter
31 school as provided in chapter 15, title 33, Idaho Code, and section 33-1006,
32 Idaho Code. Each public charter school shall furnish the department with an
33 enrollment count as of the first Friday in November, of public charter school
34 students living more than one and one-half (1 1/2) miles from the school. For
35 charter schools in the initial year of operation, the petition shall include a
36 proposal for transportation services with an estimated first year cost. The
37 state department of education is authorized to include in the annual appropri-
38 ation to the charter school eighty percent (80%) of the estimated transporta-
39 tion cost. The final appropriation payment in July shall reflect eighty-five
40 percent (85%) of the actual cost.

41 (5) Payment schedule. The state department of education is authorized to
42 make an advance payment of twenty-five percent (25%) of a public charter
43 school's estimated annual apportionment for its first year of operation, and
44 each year thereafter, provided the public charter school has an increase of
45 student population in any given year of twenty (20) students or more, to
46 assist the school with initial start-up costs or payroll obligations.

47 (a) For a state public charter school to receive the advance payment, the
48 school shall submit its anticipated fall membership for each grade level
49 to the state department of education by June 1.

50 (b) Using the figures provided by the public charter school, the state
51 department of education shall determine an estimated annual apportionment
52 from which the amount of the advance payment shall be calculated. Advance
53 payment shall be made to the school on or after July 1 but no later than
54 July 31.

55 (c) All subsequent payments, taking into account the one-time advance

1 payment made for the first year of operation, shall be made to the public
2 charter school in the same manner as other traditional public schools in
3 accordance with the provisions of section 33-1009, Idaho Code.

4 A public charter school shall comply with all applicable fiscal requirements
5 of law, except that the following provisions shall not be applicable to public
6 charter schools: section 33-1003B, Idaho Code, relating to guaranteed minimum
7 support; that portion of section 33-1004, Idaho Code, relating to reduction of
8 the administrative and instructional staff allowance when there is a discrep-
9 ancy between the number allowed and the number actually employed; and section
10 33-1004E, Idaho Code, for calculation of district staff indices.

11 (6) Nothing in this chapter shall be construed to prohibit any private
12 person or organization from providing funding or other financial assistance to
13 the establishment or operation of a public charter school.

14 (7) Nothing in this chapter shall prevent a public charter school from
15 applying for federal grant moneys.

16 (8) (a) For the period July 1, 2003, through June 30, 2005, all public
17 virtual schools shall be assigned divisors, pursuant to section 33-1002,
18 Idaho Code, that are no higher than the median divisor shown for each
19 respective category of pupils, among the possible divisors listed, for
20 each respective category of pupils that contains more than one (1) divi-
21 sor. If there is an even number of possible divisors listed for a particu-
22 lar category of pupils, then the lesser of the two (2) median divisors
23 shall be used. For the period July 1, 2005, through June 30, 2007, all
24 public virtual schools shall be assigned divisors, pursuant to section
25 33-1002, Idaho Code, that are no higher than the second highest divisor
26 shown, among the possible divisors listed, for each respective category of
27 pupils that contains more than one (1) divisor. The divisor provisions
28 contained herein shall only be applicable to the number of pupils in aver-
29 age daily attendance in such public virtual schools for the period July 1,
30 2003, through June 30, 2004. If the number of pupils in average daily
31 attendance in any particular category of pupils increases, during the
32 period July 1, 2004, through June 30, 2005, to a number above that which
33 existed in the prior fiscal year, then those additional pupils in average
34 daily attendance shall be assigned the divisor, pursuant to section
35 33-1002, Idaho Code, that would have otherwise been assigned to the school
36 district or public charter school had this section not been in force.

37 (b) Each student in attendance at a public virtual school shall be funded
38 based upon either the actual hours of attendance in the public virtual
39 school on a flexible schedule, or the percentage of coursework completed,
40 whichever is more advantageous to the school, up to the maximum of one (1)
41 full-time equivalent student.

42 (c) All federal educational funds shall be administered and distributed
43 to public charter schools, including public virtual schools, that have
44 been designated by the state board of education as a local education
45 agency (LEA), as provided in section 33-5203(7), Idaho Code.

46 (9) Nothing in this section prohibits separate face-to-face learning
47 activities or services.

48 SECTION 14. That Section 50-2908, Idaho Code, be, and the same is hereby
49 amended to read as follows:

50 50-2908. DETERMINATION OF TAX LEVIES -- CREATION OF SPECIAL FUND. (1) For
51 purposes of calculating the rate at which taxes shall be levied by or for each
52 taxing district in which a revenue allocation area is located, the county com-
53 missioners shall, with respect to the taxable property located in such revenue

1 allocation area, use the equalized assessed value of such taxable property as
2 shown on the base assessment roll rather than on the current equalized
3 assessed valuation of such taxable property.

4 (2) With respect to each such taxing district, the tax rate calculated
5 under subsection (1) of this section shall be applied to the current equalized
6 assessed valuation of all taxable property in the taxing district, including
7 the taxable property in the revenue allocation area. The tax revenues thereby
8 produced shall be allocated as follows:

9 (a) To the taxing district shall be allocated and shall be paid by the
10 county treasurer:

11 (i) All taxes levied by the taxing district or on its behalf on
12 taxable property located within the taxing district but outside the
13 revenue allocation area; and

14 (ii) A portion of the taxes levied by the taxing district or on its
15 behalf on the taxable property located within the revenue allocation
16 area, which portion is the amount produced by applying the taxing
17 district's tax rate determined under subsection (1) of this section
18 to the equalized assessed valuation, as shown on the base assessment
19 roll, of the taxable property located within the revenue allocation
20 area; and

21 ~~(iii) If such taxing district is a school district, a further portion~~
22 ~~of the taxes levied by such district or on its behalf on the taxable~~
23 ~~property located within the revenue allocation area, which portion is~~
24 ~~the amount equal to the percentage specified in section~~
25 ~~33-1002(7)(a), Idaho Code, multiplied by the difference between the~~
26 ~~current equalized assessed valuation of such taxable property and the~~
27 ~~equalized assessed valuation of such taxable property as shown on the~~
28 ~~base assessment roll.~~

29 (b) To the urban renewal agency shall be allocated the balance, if any,
30 of the taxes levied on the taxable property located within the revenue
31 allocation area.

32 (3) Upon enactment of an ordinance adopting a revenue allocation financ-
33 ing provision as part of an urban renewal plan, the urban renewal agency shall
34 create a special fund or funds to be used for the purposes enumerated in this
35 chapter. The revenues allocated to the urban renewal agency pursuant to this
36 chapter, shall be paid to the agency by the treasurer of the county in which
37 the revenue allocation district is located and shall be deposited by the
38 agency into one (1) or more of such special funds. The agency may, in addi-
39 tion, deposit into such special fund or funds such other income, proceeds,
40 revenues and funds it may receive from sources other than the revenues allo-
41 cated to it under subsection (2)(b) of this section.

42 (4) For the purposes of section 63-803, Idaho Code, during the period
43 when revenue allocation under this chapter is in effect, and solely with
44 respect to any taxing district in which a revenue allocation area is located,
45 the county commissioners shall, in fixing any tax levy, take into consider-
46 ation the equalized assessed valuation of the taxable property situated in the
47 revenue allocation area as shown in the base assessment roll, rather than the
48 current equalized assessed value of such taxable property.

49 (5) For all other purposes, including, without limitation, for purposes
50 of sections 33-802, 33-1002 and 63-1313, Idaho Code, reference in the Idaho
51 Code to the term "market value for assessment purposes" (or any other such
52 similar term) shall mean market value for assessment purposes as defined in
53 section 63-208, Idaho Code.

54 SECTION 15. That Section 63-315, Idaho Code, be, and the same is hereby

1 amended to read as follows:

2 63-315. ASSESSMENT RATIOS AND THE DETERMINATION OF ADJUSTED MARKET VALUE
3 FOR ASSESSMENT PURPOSES FOR SCHOOL DISTRICTS. (1) The provisions of this sec-
4 tion shall apply only to charter districts levying a maintenance and operation
5 levy in the prior calendar year. For the purpose of this section, adjusted
6 market value for assessment purposes shall be the adjusted market value for
7 assessment purposes of all property assessed for property tax purposes for the
8 year referred to in sections 33-802 and 33-1002, Idaho Code.

9 (2) The state tax commission shall conduct a ratio study to annually
10 ascertain the ratio between the assessed value and the market value for
11 assessment purposes of all property assessed for property tax purposes. Said
12 ratio study shall be conducted in accordance with nationally accepted proce-
13 dures. From the ratio so ascertained the state tax commission shall compute
14 the adjusted market value of all property assessed for property tax purposes.

15 (3) The ratio shall be computed in each school district and applied to
16 the market value for assessment purposes within each school district.

17 (4) Sales used in determining the ratio required by this section shall be
18 arm's length, market value property sales occurring in the year beginning on
19 October 1 of the year preceding the year for which the adjusted market value
20 is to be determined. The state tax commission may, at its discretion, modify
21 the sales period when doing so produces provably better representativeness of
22 the actual ratio in any school district. The state tax commission may also add
23 independently conducted appraisals when the state tax commission believes that
24 this procedure will improve the representativeness and reliability of the
25 ratio.

26 (5) Whenever the state tax commission is unable to determine with reason-
27 able statistical certainty that the assessed value within any school district
28 differs from the market value for assessment purposes, the state tax commis-
29 sion may certify the assessed value to be the adjusted market value of any
30 school district.

31 (6) The state tax commission shall certify the adjusted market value of
32 each school district to the state department of education and each county
33 auditor no later than the first Monday in April each year. The state tax com-
34 mission shall prepare a report indicating procedures used in computing the
35 adjusted market value and showing statistical measures computed in the ratio
36 study. This report shall be submitted to the state department of education at
37 the same time as the certification of adjusted market value. The report of the
38 state tax commission shall also be made available for public inspection in the
39 office of the county auditor.

40 (7) The state tax commission shall promulgate rules to implement the
41 ratio study described in this section.

42 SECTION 16. That Section 63-802A, Idaho Code, be, and the same is hereby
43 amended to read as follows:

44 63-802A. NOTICE OF BUDGET HEARING. (1) Not later than April 30 of each
45 year, each taxing district shall set and notify the county clerk of the date
46 and location set for the budget hearing of the district. If no budget hearing
47 is required by law, the county clerk shall be so notified.

48 (2) Beginning in 2003, a nonschool taxing district that fails to comply
49 with subsection (1) of this section shall be prohibited from including in its
50 budget any budget increase otherwise permitted by either subsection (1)(a) or
51 (1)(e) of section 63-802, Idaho Code.

52 (3) ~~Beginning in 2003, a school district that fails to comply with sub-~~

~~section (1) of this section shall be prohibited, in the year of such failure, from increasing the portion of its property tax budget raised under section 33-802-2, Idaho Code, over the amount of the immediately preceding year.~~

(4) If a taxing district wishes to change the time and location of such budget hearing as stated on the assessment notice, they it shall publish such change of time and location in advance of such hearing as provided by law.

SECTION 17. That Section 63-811, Idaho Code, be, and the same is hereby amended to read as follows:

63-811. COMPUTATION OF PROPERTY TAXES -- DUTY OF COUNTY AUDITOR. (1) The county auditor must cause to be computed the amount of the local property taxes levied on the total of the taxable value as entered on the property and operating property rolls, and must deliver the property and operating property rolls to the tax collector on or before the first Monday of November.

(2) The county auditor must cause to be computed the amount of the local property taxes levied on the total of the taxable value as entered on the subsequent property roll, and must deliver the subsequent property roll to the tax collector as soon as possible, without delay, after the first Monday of December.

(3) The county auditor must cause to be computed the amount of the state property tax and the amount of the local property taxes levied on the total taxable value as entered on the missed property roll, and must deliver the missed property roll to the tax collector as soon as possible, without delay, after the first Monday of March of the year following the year in which the assessment was entered on the missed property roll.

(4) For the purpose of this section, "taxable value" shall mean the portion of the equalized assessed value, less any exemptions and the value that exceeds the value of the base assessment roll for the portion of any taxing district within a revenue allocation area of an urban renewal district, located within each taxing district which certifies a budget to be raised from a property tax levy. ~~When the portion of the property tax to be allocated to school districts as required in sections 33-1002 and 50-2908, Idaho Code, is calculated, the taxable value must include the value that exceeds the value of the base assessment roll.~~

(5) The county auditor, at the time of delivery to the county tax collector of the property roll, subsequent property roll, missed property roll or operating property roll with all property taxes computed, must subscribe an affidavit to such roll that he has to the best of his knowledge and ability computed the proper amount of property taxes due, and recorded such orders of the board of equalization as have been made and have has made no other changes.

(6) Failure of the auditor to make the affidavit shall not affect the validity of any entry on the roll. The making of such affidavit, however, is declared to be a duty pertaining to the office of the county auditor. In every case where the said affidavit is omitted from the real property assessment roll, completed and delivered as aforesaid, the board of county commissioners must require the county auditor to make the same, and upon refusal or neglect of such county auditor to make and subscribe to such affidavit forthwith, the chairman of the said board must immediately file in the district court in the county, an information in writing, verified by his oath, charging such county auditor with refusal or neglect to perform the official duties pertaining to his office, and thereupon he must be proceeded against as in such cases provided by law.

SECTION 18. That Section 63-3619, Idaho Code, be, and the same is hereby amended to read as follows:

63-3619. IMPOSITION AND RATE OF THE SALES TAX. An excise tax is hereby imposed upon each sale at retail at the rate of five six percent (56%) of the sales price of all retail sales subject to taxation under this chapter and such amount shall be computed monthly on all sales at retail within the preceding month.

(a) The tax shall apply to, be computed on, and collected for all credit, installment, conditional or similar sales at the time of the sale or, in the case of rentals, at the time the rental is charged.

(b) The tax hereby imposed shall be collected by the retailer from the consumer.

(c) The state tax commission shall provide schedules for collection of the tax on sales which involve a fraction of a dollar. The retailer shall calculate the tax upon the entire amount of the purchases of the consumer made at a particular time and not separately upon each item purchased. The retailer may retain any amount collected under the bracket system prescribed which is in excess of the amount of tax for which he is liable to the state during the period as compensation for the work of collecting the tax.

(d) It is unlawful for any retailer to advertise or hold out or state to the public or to any customer, directly or indirectly, that the tax or any part thereof will be assumed or absorbed by the retailer or that it will not be added to the selling price of the property sold or that if added it or any part thereof will be refunded. Any person violating any provision of this section is guilty of a misdemeanor.

(e) The tax commission may by rule provide that the amount collected by the retailer from the customer in reimbursement of the tax be displayed separately from the list price, the price advertised on the premises, the marked price, or other price on the sales slip or other proof of sale.

(f) The taxes imposed by this chapter shall apply to the sales to contractors purchasing for use in the performance of contracts with the United States.

SECTION 19. That Section 63-3621, Idaho Code, be, and the same is hereby amended to read as follows:

63-3621. IMPOSITION AND RATE OF THE USE TAX -- EXEMPTIONS. An excise tax is hereby imposed on the storage, use, or other consumption in this state of tangible personal property acquired on or after ~~July~~ October 1, 20056, for storage, use, or other consumption in this state at the rate of five six percent (56%) of the value of the property, and a recent sales price shall be presumptive evidence of the value of the property unless the property is wireless telecommunications equipment, in which case a recent sales price shall be conclusive evidence of the value of the property.

(a) Every person storing, using, or otherwise consuming, in this state, tangible personal property is liable for the tax. His liability is not extinguished until the tax has been paid to this state except that a receipt from a retailer maintaining a place of business in this state or engaged in business in this state given to the purchaser is sufficient to relieve the purchaser from further liability for the tax to which the receipt refers. A retailer shall not be considered to have stored, used or consumed wireless telecommunications equipment by virtue of giving, selling or otherwise transferring such equipment at a discount as an inducement to a consumer to commence or continue a contract for telecommunications service.

1 (b) Every retailer engaged in business in this state, and making sales of
2 tangible personal property for the storage, use, or other consumption in this
3 state, not exempted under section 63-3622, Idaho Code, shall, at the time of
4 making the sales or, if storage, use or other consumption of the tangible per-
5 sonal property is not then taxable hereunder, at the time the storage, use or
6 other consumption becomes taxable, collect the tax from the purchaser and give
7 to the purchaser a receipt therefor in the manner and form prescribed by the
8 state tax commission.

9 (c) The provisions of this section shall not apply when the retailer pays
10 sales tax on the transaction and collects reimbursement for such sales tax
11 from the customer.

12 (d) Every retailer engaged in business in this state or maintaining a
13 place of business in this state shall register with the state tax commission
14 and give the name and address of all agents operating in this state, the loca-
15 tion of all distributions or sales houses or offices or other places of busi-
16 ness in this state, and such other information as the state tax commission may
17 require.

18 (e) For the purpose of the proper administration of this act and to pre-
19 vent evasion of the use tax and the duty to collect the use tax, it shall be
20 presumed that tangible personal property sold by any person for delivery in
21 this state is sold for storage, use, or other consumption in this state. The
22 burden of proving the sale is tax exempt is upon the person who makes the sale
23 unless he obtains from the purchaser a resale certificate to the effect that
24 the property is purchased for resale or rental. It shall be presumed that
25 sales made to a person who has completed a resale certificate for the seller's
26 records are not taxable and the seller need not collect sales or use taxes
27 unless the tangible personal property purchased is taxable to the purchaser as
28 a matter of law in the particular instance claimed on the resale certificate.

29 A seller may accept a resale certificate from a purchaser prior to the
30 time of sale, at the time of sale, or at any reasonable time after the sale
31 when necessary to establish the privilege of the exemption. The resale certifi-
32 cate relieves the person selling the property from the burden of proof only
33 if taken from a person who is engaged in the business of selling or renting
34 tangible personal property and who holds the permit provided for by section
35 63-3620, Idaho Code, or who is a retailer not engaged in business in this
36 state, and who, at the time of purchasing the tangible personal property,
37 intends to sell or rent it in the regular course of business or is unable to
38 ascertain at the time of purchase whether the property will be sold or will be
39 used for some other purpose. Other than as provided elsewhere in this section,
40 when a resale certificate, properly executed, is presented to the seller, the
41 seller has no duty or obligation to collect sales or use taxes in regard to
42 any sales transaction so documented regardless of whether the purchaser prop-
43 erly or improperly claimed an exemption. A seller so relieved of the obliga-
44 tion to collect tax is also relieved of any liability to the purchaser for
45 failure to collect tax or for making any report or disclosure of information
46 required or permitted under this chapter.

47 The resale certificate shall bear the name and address of the purchaser,
48 shall be signed by the purchaser or his agent, shall indicate the number of
49 the permit issued to the purchaser, or that the purchaser is an out-of-state
50 retailer, and shall indicate the general character of the tangible personal
51 property sold by the purchaser in the regular course of business. The certifi-
52 cate shall be substantially in such form as the state tax commission may pre-
53 scribe.

54 (f) If a purchaser who gives a resale certificate makes any storage or
55 use of the property other than retention, demonstration or display while hold-

ing it for sale in the regular course of business, the storage or use is taxable as of the time the property is first so stored or used.

(g) Any person violating any provision of this section is guilty of a misdemeanor and punishable by a fine not in excess of one hundred dollars (\$100), and each violation shall constitute a separate offense.

(h) It shall be presumed that tangible personal property shipped or brought to this state by the purchaser was purchased from a retailer, for storage, use or other consumption in this state.

(i) It shall be presumed that tangible personal property delivered outside this state to a purchaser known by the retailer to be a resident of this state was purchased from a retailer for storage, use, or other consumption in this state. This presumption may be controverted by evidence satisfactory to the state tax commission that the property was not purchased for storage, use, or other consumption in this state.

(j) When the tangible personal property subject to use tax has been subjected to a general retail sales or use tax by another state of the United States in an amount equal to or greater than the amount of the Idaho tax, and evidence can be given of such payment, the property will not be subject to Idaho use tax. If the amount paid the other state was less, the property will be subject to use tax to the extent that the Idaho tax exceeds the tax paid to the other state. For the purposes of this subsection, a registration certificate or title issued by another state or subdivision thereof for a vehicle or trailer or a vessel as defined in section 67-7003, Idaho Code, shall be sufficient evidence of payment of a general retail sales or use tax.

(k) The use tax herein imposed shall not apply to the use by a nonresident of this state of a motor vehicle which is registered or licensed under the laws of the state of his residence and is not used in this state more than a cumulative period of time totaling ninety (90) days in any consecutive twelve (12) months, and which is not required to be registered or licensed under the laws of this state.

(l) The use tax herein imposed shall not apply to the use of household goods, personal effects and personally owned motor vehicles by a resident of this state, if such articles were acquired by such person in another state while a resident of that state and primarily for use outside this state and if such use was actual and substantial, but if an article was acquired less than three (3) months prior to the time he entered this state, it will be presumed that the article was acquired for use in this state and that its use outside this state was not actual and substantial. For purposes of this subsection, "resident" shall be as defined in section 63-3013 or 63-3013A, Idaho Code.

(m) The use tax herein imposed shall not apply to the storage, use or other consumption of tangible personal property which is or will be incorporated into real property and which has been donated to and has become the property of:

(1) A nonprofit organization as defined in section 63-36220, Idaho Code;

or

(2) The state of Idaho; or

(3) Any political subdivision of the state.

This exemption applies whether the tangible personal property is incorporated in real property by the donee, a contractor or subcontractor of the donee, or any other person.

SECTION 20. That Section 63-3638, Idaho Code, be, and the same is hereby amended to read as follows:

63-3638. SALES TAX -- DISTRIBUTION. All moneys collected under this chap-

ter, except as may otherwise be required in sections 63-3203 and 63-3709, Idaho Code, shall be distributed by the tax commission as follows:

(1) An amount of money shall be distributed to the state refund account sufficient to pay current refund claims. All refunds authorized under this chapter by the commission shall be paid through the state refund account, and those moneys are continuously appropriated.

(2) Five million dollars (\$5,000,000) per year is continuously appropriated and shall be distributed to the permanent building fund, provided by section 57-1108, Idaho Code.

(3) Four million eight hundred thousand dollars (\$4,800,000) per year is continuously appropriated and shall be distributed to the water pollution control account established by section 39-3605, Idaho Code.

(4) An amount equal to the sum required to be certified by the chairman of the Idaho housing and finance association to the state tax commission pursuant to section 67-6211, Idaho Code, in each year is continuously appropriated and shall be paid to any capital reserve fund, established by the Idaho housing and finance association pursuant to section 67-6211, Idaho Code. Such amounts, if any, as may be appropriated hereunder to the capital reserve fund of the Idaho housing and finance association shall be repaid for distribution under the provisions of this section, subject to the provisions of section 67-6215, Idaho Code, by the Idaho housing and finance association, as soon as possible, from any moneys available therefor and in excess of the amounts which the association determines will keep it self-supporting.

(5) An amount equal to the sum required by the provisions of sections 63-709 and 63-717, Idaho Code, after allowance for the amount appropriated by section 63-718(3), Idaho Code, is continuously appropriated and shall be paid as provided by sections 63-709 and 63-717, Idaho Code.

(6) An amount required by the provisions of chapter 53, title 33, Idaho Code.

(7) An amount required by the provisions of chapter 87, title 67, Idaho Code.

(8) One dollar (\$1.00) on each application for certificate of title or initial application for registration of a motor vehicle, snowmobile, all-terrain vehicle or other vehicle processed by the county assessor or the Idaho transportation department excepting those applications in which any sales or use taxes due have been previously collected by a retailer, shall be a fee for the services of the assessor of the county or the Idaho transportation department in collecting such taxes, and shall be paid into the current expense fund of the county or state highway account established in section 40-702, Idaho Code.

(9) Thirteen Eleven and three-quarters five-tenths percent (~~13.75~~11.5%) is continuously appropriated and shall be distributed to the revenue sharing account which is created in the state treasury, and the moneys in the revenue sharing account will be paid in installments each calendar quarter by the tax commission as follows:

(a) Twenty-eight and two-tenths percent (28.2%) shall be paid to the various cities as follows:

(i) Fifty percent (50%) of such amount shall be paid to the various cities, and each city shall be entitled to an amount in the proportion that the population of that city bears to the population of all cities within the state; and

(ii) Fifty percent (50%) of such amount shall be paid to the various cities, and each city shall be entitled to an amount in the proportion that the preceding year's market value for assessment purposes for that city bears to the preceding year's market value for assess-

- ment purposes for all cities within the state.
- (b) Twenty-eight and two-tenths percent (28.2%) shall be paid to the various counties as follows:
- (i) One million three hundred twenty thousand dollars (\$1,320,000) annually shall be distributed one forty-fourth (1/44) to each of the various counties; and
 - (ii) The balance of such amount shall be paid to the various counties, and each county shall be entitled to an amount in the proportion that the population of that county bears to the population of the state;
- (c) Thirty-five and nine-tenths percent (35.9%) of the amount appropriated in this subsection (9) shall be paid to the several counties for distribution to the cities and counties as follows:
- (i) Each city and county which received a payment under the provisions of section 63-3638(e), Idaho Code, during the fourth quarter of calendar year 1999, shall be entitled to a like amount during succeeding calendar quarters.
 - (ii) If the dollar amount of money available under this subsection (9)(c) in any quarter does not equal the amount paid in the fourth quarter of calendar year 1999, each city's and county's payment shall be reduced proportionately.
 - (iii) If the dollar amount of money available under this subsection (9)(c) in any quarter exceeds the amount paid in the fourth quarter of calendar year 1999, each city and county shall be entitled to a proportionately increased payment, but such increase shall not exceed one hundred five percent (105%) of the total payment made in the fourth quarter of calendar year 1999.
 - (iv) If the dollar amount of money available under this subsection (9)(c) in any quarter exceeds one hundred five percent (105%) of the total payment made in the fourth quarter of calendar year 1999, any amount over and above such one hundred five percent (105%) shall be paid fifty percent (50%) to the various cities in the proportion that the population of the city bears to the population of all cities within the state, and fifty percent (50%) to the various counties in the proportion that the population of a county bears to the population of the state; and
- (d) Seven and seven-tenths percent (7.7%) of the amount appropriated in this subsection (9) shall be paid to the several counties for distribution to special purpose taxing districts as follows:
- (i) Each such district which received a payment under the provisions of section 63-3638(e), Idaho Code, during the fourth quarter of calendar year 1999, shall be entitled to a like amount during succeeding calendar quarters.
 - (ii) If the dollar amount of money available under this subsection (9)(d) in any quarter does not equal the amount paid in the fourth quarter of calendar year 1999, each special purpose taxing district's payment shall be reduced proportionately.
 - (iii) If the dollar amount of money available under this subsection (9)(d) in any quarter exceeds the amount distributed under paragraph (i) of this subsection (9)(d), each special purpose taxing district shall be entitled to a share of the excess based on the proportion each such district's current property tax budget bears to the sum of the current property tax budgets of all such districts in the state. The state tax commission shall calculate district current property tax budgets to include any unrecovered foregone amounts as determined

under section 63-802(1)(e), Idaho Code. When a special purpose taxing district is situated in more than one (1) county, the tax commission shall determine the portion attributable to the special purpose taxing district from each county in which it is situated.

(iv) If special purpose taxing districts are consolidated, the resulting district is entitled to a base amount equal to the sum of the base amounts which were received in the last calendar quarter by each district prior to the consolidation.

(v) If a special purpose taxing district is dissolved or disincorporated, the state tax commission shall continuously distribute to the board of county commissioners an amount equal to the last quarter's distribution prior to dissolution or disincorporation. The board of county commissioners shall determine any redistribution of moneys so received.

(vi) Taxing districts formed after January 1, 2001, are not entitled to a payment under the provisions of this subsection (9)(d).

(vii) For purposes of this subsection (9)(d), a special purpose taxing district is any taxing district which is not a city, a county or a school district.

(10) Amounts calculated in accordance with section 2, chapter 356, Idaws of 2001, for annual distribution to counties and other taxing districts beginning in October 2001 for replacement of property tax on farm machinery and equipment exempted pursuant to section 63-602EE, Idaho Code. For nonschool districts, the state tax commission shall distribute one-fourth (1/4) of this amount certified quarterly to each county. For school districts, the state tax commission shall distribute one-fourth (1/4) of the amount certified quarterly to each school district. For nonschool districts, the county auditor shall distribute to each district within thirty (30) calendar days from receipt of moneys from the tax commission. Moneys received by each taxing district for replacement shall be utilized in the same manner and in the same proportions as revenues from property taxation. The moneys remitted to the county treasurer for replacement of property exempt from taxation pursuant to section 63-602EE, Idaho Code, may be considered by the counties and other taxing districts and budgeted at the same time, in the same manner and in the same year as revenues from taxation on personal property which these moneys replace. If taxing districts are consolidated, the resulting district is entitled to an amount equal to the sum of the amounts which were received in the last calendar quarter by each district pursuant to this subsection prior to the consolidation. If a taxing district is dissolved or disincorporated, the state tax commission shall continuously distribute to the board of county commissioners an amount equal to the last quarter's distribution prior to dissolution or disincorporation. The board of county commissioners shall determine any redistribution of moneys so received. If a taxing district annexes territory, the distribution of moneys received pursuant to this subsection shall be unaffected. Taxing districts formed after January 1, 2001, are not entitled to a payment under the provisions of this subsection. School districts shall receive an amount determined by multiplying the sum of the year 2000 school district levy ~~plus .001~~ minus .004 times the market value on December 31, 2000, in the district of the property exempt from taxation pursuant to section 63-602EE, Idaho Code. ~~For school districts, beginning January 1, 2002, only the portion of property tax replacement received to replace property exempt from taxation pursuant to section 63-602EE, Idaho Code, based on the tax year 2000 tax charges for maintenance and operation as limited by sections 33-802 2. and 33-1002B, Idaho Code, shall not be subtracted from the maximum school district maintenance and operation property taxes permitted in accordance with~~

~~section 33-802-2, Idaho Code~~, provided that the result of these calculations shall not be less than zero (0). The result of these school district calculations shall be further increased by six percent (6%). For purposes of the limitation provided by section 63-802, Idaho Code, moneys received pursuant to this section as property tax replacement for property exempt from taxation pursuant to section 63-602EE, Idaho Code, shall be treated as property tax revenues.

(11) Any moneys remaining over and above those necessary to meet and reserve for payments under other subsections of this section shall be distributed to the general fund.

SECTION 21. That Section 63-3640, Idaho Code, be, and the same is hereby amended to read as follows:

63-3640. CONTRACTS ENTERED INTO BEFORE EFFECTIVE DATE OF INCREASED TAX. (1) Commencing ~~May 1, 2003, and ending June 30, 2005~~ October 1, 2006, the purchase, use, storage or other consumption of tangible personal property which is otherwise subject to the taxes imposed by this chapter by persons defined in section 63-3609(a), Idaho Code, shall be exempt from one cent (1¢) of the taxes imposed by sections 63-3619 and 63-3621, Idaho Code, if:

(a) The tangible personal property is purchased, used, stored or otherwise consumed for incorporation into real property; and

(b) The tangible personal property is purchased, used, stored or otherwise consumed in regard to a project performed by such person pursuant to a qualified contract; and

(c) The taxpayer claims the exemption in the manner provided by subsection (3) of this section.

(2) As used in this section, the term "qualified contract" means a contract which:

(a) Is a written contract; and

(b) Was in effect on ~~April 15, 2003~~ September 1, 2006, or was submitted for bid or bid in written form on or before ~~April 15, 2003~~ September 1, 2006, and subsequently became a written contract; and

(c) Was negotiated or bid based upon the sales or use tax being five percent (5%); and

(d) Requires the cost of the sales or use tax to be borne by the contractor.

(3) A person entitled to the exemption granted in subsection (1) of this section may submit a claim for refund to the state tax commission for the amount of one cent (1¢) of the tax imposed by sections 63-3619 and 63-3621, Idaho Code, if it has actually been paid by him. The claim for refund shall include:

(a) A copy of a written contract which is a qualified contract; and

(b) A detailed invoice prepared by the seller showing all items of tangible personal property purchased by the claimant, the sale of which is subject to the exemption granted in subsection (1) of this section; and

(c) A document signed by the purchaser certifying that the tangible personal property shown on the invoice required by subsection (3)(b) of this section has in fact been used by him on the project to which the qualified contract relates.

(4) Upon receipt of the claim for refund, the state tax commission shall review the claim and, if it finds it to be proper, shall pay the refund together with interest from the date that the claim was filed at the rate established by section 63-3045, Idaho Code, within thirty (30) days from the date the claim was received by the commission.

(5) The use or incorporation into real property of any tangible personal property upon which the exemption provided by subsection (1) of this section has been claimed pursuant to any contract other than a qualified contract shall be a misdemeanor.

(6) In addition to the criminal penalties provided by subsection (5) of this section, the use or incorporation into real property of tangible personal property upon which the exemption provided by subsection (1) of this section has been claimed pursuant to any contract which is not a qualified contract shall subject the user to a penalty of three (3) times the sales or use tax otherwise due under this chapter to be enforced and collected as provided by sections 63-3634 and 63-3635, Idaho Code.

(7) In the case of a retailer who makes sales of tangible personal property to any person entitled to the exemption granted in subsection (1) of this section who is for any reason unable to collect one cent (1¢) of the tax imposed by sections 63-3619 and 63-3621, Idaho Code, from the purchaser, the retailer shall be entitled to claim the refund otherwise available to the purchaser. The claim for refund shall be filed in the manner prescribed by subsection (3) of this section. Nothing in this subsection shall excuse the retailer from reporting sales and use taxes at the full statutory rate on all taxable sales made during the period to which his sales or use tax return relates. If a refund claim is filed concurrently with the return, the refund claimed may be credited against the tax due on the return. Any retailer who claims a refund for any taxes actually collected from the purchaser shall be subject to a penalty of three (3) times the sales or use tax refund improperly claimed to be enforced and collected as provided by sections 63-3634 and 63-3635, Idaho Code.

SECTION 22. There is hereby appropriated the following amount to be transferred to the Public School Income Fund for the period July 1, 2006, through June 30, 2007:

FROM:

General Fund

\$250,645,700

SECTION 23. In addition to any other appropriation provided by law, there is hereby appropriated to the Educational Support Program/Division of Operations, pursuant to law and the provisions of this act the following amount to be expended from the listed fund for the period July 1, 2006, through June 30, 2007:

FROM:

Public School Income Fund

\$250,645,700

SECTION 24. The State Controller shall transfer \$100,000,000 from the General Fund to the Public Education Stabilization Fund by no later than February 1, 2007.

SECTION 25. The Legislature finds and declares that the issue of the property tax funding maintenance and operations of public schools is of importance to the citizens of the state of Idaho. As a representative body, members of the Legislature desire to be responsive and responsible to these citizens. For this reason, the Legislature herewith submits an advisory ballot to the electors of the state of Idaho, and the results will guide the Legislature as to whether the three-tenths of one percent property tax previously contained in Section 33-802, Idaho Code, and levied against the market value of taxable property in the school districts for maintenance and operation purposes of school districts should continue to be removed and the funds be replaced by a

1 sufficient increase in the state sales tax.

2 The Secretary of State shall have the question below placed on the 2006
3 general election ballot and shall take necessary steps to have the results on
4 the question tabulated. The question shall be as follows:

5 "Should the State of Idaho keep the property tax relief adopted in
6 August 2006, reducing property taxes by approximately \$260 million
7 and protecting funding for public schools by keeping the sales tax
8 at 6%?".

9 The advisory question provided for in this act is hereby declared to be a
10 "measure" for purposes of Chapter 66, Title 67, Idaho Code, and the provisions
11 of Chapter 66, Title 67, Idaho Code, shall apply thereto.

12 SECTION 26. SEVERABILITY. The provisions of this act are hereby declared
13 to be severable and if any provision of this act or the application of such
14 provision to any person or circumstance is declared invalid for any reason,
15 such declaration shall not affect the validity of the remaining portions of
16 this act.

17 SECTION 27. An emergency existing therefor, which emergency is hereby
18 declared to exist, Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15,
19 16, 17 and 26 of this act shall be in full force and effect on and after pas-
20 sage and approval and retroactively to January 1, 2006. Sections 18 and 19 of
21 this act shall be in full force and effect on and after October 1, 2006. Sec-
22 tion 20 of this act shall be in full force and effect on and after November 1,
23 2006. Sections 21, 22, 23, 24 and 25 of this act shall be in full force and
24 effect on and after passage and approval.